

DRAFT

FY 2002 Budget Adjustment Bill Senate File 2304

As Amended by the House Amendment

Last Action:

House Floor

February 27, 2002

An Act relating to public funding and regulatory matters and making, reducing, and transferring appropriations for the fiscal year beginning July 1, 2001, and including an effective date.

Executive Summary Only*

A detailed tracking document is available from the Fiscal Bureau upon request or can be found at <http://staffweb.legis.state.ia.us/lfb/>



On Line At
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LEGISLATIVE FISCAL BUREAU

NOTES ON BILLS AND AMENDMENTS (NOBA)

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EXECUTIVE SUMMARY NOTES ON BILLS AND AMENDMENTS

SENATE FILE 2304 AS AMENDED BY THE HOUSE FY 2002 BUDGET ADJUSTMENT BILL

SENATE FILE 2304 – FISCAL SUMMARY

HOUSE AMENDMENT

JUDICIAL BRANCH SALARY REDUCTIONS

EXECUTIVE BRANCH SALARY REDUCTIONS

BILL AS PASSED BY THE SENATE

DIVISION I - ECONOMIC EMERGENCY FUND APPROPRIATION FOR SCHOOL FOUNDATION AID

EMERGENCY EXPENDITURES

EFFECT OF SUPPLANTING APPROPRIATIONS

DIVISION II - EXEMPTION FROM THE 1.0% UNIFORM APPROPRIATION REDUCTION

- The Bill, as amended by the House, transfers a total of \$49.3 million to the General Fund from non-General Fund sources and reduces spending from the General Fund by \$72.4 million in FY 2002. The net effect of the Bill on General Fund is \$121.7 million in additional available resources for FY 2002.
- *Page and line numbers refer to the location the amendment action is inserted in SF 2304.*
- Allows the Judicial Branch to use other cost reductions in lieu of, or in addition to, furloughs for the purpose of achieving the \$1.1 million cost savings specified in Section 21. (Page 8, Line 16)
- Clarifies that judges, justices, and magistrates are not subject to furloughs. (Page 8, Line 26)
- Clarifies that the Judicial Branch may use up to \$1.0 million from the Enhanced Court Collections Fund to offset decreases involving employee furloughs and salary reductions. (Page 8, Line 32)
- Allows Executive Branch agencies to use other cost reductions in lieu of, or in addition to, furloughs for the purpose of achieving the \$11.7 million cost savings specified in Section 25. (Page 10, Line 23)
- Clarifies that elective Executive Branch officials are not subject to furloughs. (Page 10, Line 33)
- Clarifies that appointed Executive Branch officials are not subject to furloughs. (Page 11, Line 5)
- Appropriates \$44.9 million from the Economic Emergency Fund to the Department of Management for School Foundation Aid and supplants an equal amount from the appropriation made from the General Fund for the part of Foundation Aid that represents allowable growth amounts for all school districts for FY 2002. (Page 1, Line 3)
- Specifies that funds in Division I of the Bill are declared to be appropriated for emergency expenditures as required in Section 8.55(3)(a), Code of Iowa. (Page 1, Line 15)
- Specifies that the FY 2002 School Aid appropriation from the General Fund is reduced by the amount of the Economic Emergency Fund appropriation for School Aid made in Section 1 of this Bill. (Page 1, Line 19)
- Specifies the following General Fund appropriations for FY 2002 are not subject to the 1.0% uniform reduction in Section 23 of the Bill. (Page 1, Line 26 through Page 4, Line 5)
 - Medical Assistance Program (Medicaid)
 - Child and Family Services
 - Department of Corrections Institutions

**EXECUTIVE SUMMARY
NOTES ON BILLS AND AMENDMENTS**

**SENATE FILE 2304 AS AMENDED BY THE HOUSE
FY 2002 BUDGET ADJUSTMENT BILL**

**DIVISION II - EXEMPTION FROM THE
1.0% UNIFORM APPROPRIATION
REDUCTION (CONTINUED)**

- Community College State Aid
- College Student Aid Commission
- Regents Tuition Replacement Appropriation
- Family Development and Self-Sufficiency Grant Program
- Property tax replacement funding, including:
 - Personal Property Tax Replacement
 - Franchise Tax Revenue Allocation
 - Livestock Production Tax Credit
 - Homestead Tax Credit
 - Elderly and Disabled Tax Credit
 - Family Farm and Ag Land Tax Credit
 - Military Service Tax Credit
 - Mental Health Property Tax Relief Fund
 - Machinery and Equipment Property Tax Credit
 - Cigarette and Little Cigar Tax Stamps
- Education-Related Purposes, including:
 - Early Intervention Block Grant Program
 - School Foundation Aid
 - Instructional Support State Aid to School Districts
 - Tuition Grants
 - Child Development Grants and other programs for at-risk children
 - Educational Excellence
 - School Improvement Technology
 - Non-Public School Transportation
 - Area Education Agency 16 FY 2002 Supplemental
- Debt Service for the Iowa Telecommunications Network Bonds
- Department of Commerce
- Family Investment Program
- State Unemployment Compensation
- Legal Services Poverty Grants, State Public Defender, and Indigent Defense

**EXECUTIVE SUMMARY
NOTES ON BILLS AND AMENDMENTS**

**SENATE FILE 2304 AS AMENDED BY THE HOUSE
FY 2002 BUDGET ADJUSTMENT BILL**

**DIVISION II - EXEMPTION FROM THE
1.0% UNIFORM APPROPRIATION
REDUCTION (CONTINUED)**

- State Appeal Board
- Fire and Police Retirement System
- Deferred Compensation Program
- Iowa Empowerment Fund
- Department of Public Defense
- Iowa School for the Deaf and Iowa Braille and Sight Saving School

**DIVISION III - TRANSFERS OF
APPROPRIATIONS**

- Transfers a total of \$49.3 million in appropriations to the General Fund. The transfers include: (Page 4, Line 8 through Page 7, Line 7)
 - \$1.5 million from the Property Tax Relief Fund Risk Pool.
 - \$2.2 million from the Department of General Services Vehicle Depreciation Fund for the purchase of replacement motor vehicles.
 - \$2.8 million from the State Board of Regents from funds allocated for the construction of a livestock infectious disease isolation facility.
 - \$5.5 million from the Department of Transportation from funds appropriated for recreational trail projects.
 - \$360,000 from the Department of Transportation Aviation Hangar Revolving Loan Program.
 - \$6.0 million from the Healthy Iowans Tobacco Trust. Restricts the transfer to non-tax exempt tobacco bond proceeds.
 - \$1.0 million from the Department of Economic Development Strategic Investment Fund.
 - \$500,000 from the Department of Economic Development Value-Added Agricultural Products and Processes Financial Assistance Fund.
 - \$1.0 million from the Department of Agriculture and Land Stewardship Brucellosis and Tuberculosis Eradication Fund.
 - \$2.8 million from the Department of Natural Resources Resource Enhancement and Protection (REAP) Fund.

**EXECUTIVE SUMMARY
NOTES ON BILLS AND AMENDMENTS**

**SENATE FILE 2304 AS AMENDED BY THE HOUSE
FY 2002 BUDGET ADJUSTMENT BILL**

**DIVISION III - TRANSFERS OF
APPROPRIATIONS (CONTINUED)**

EFFECTIVE TRANSFER DATE

DIVISION IV - JUDICIAL BRANCH

JUDICIAL RETIREMENT

JUDICIAL BRANCH FURLOUGHS

**JUDICIAL SALARY RATE
REDUCTION**

ENHANCED COURT COLLECTIONS

DIVISION V - LEGISLATIVE BRANCH

**MEMBERS OF THE GENERAL
ASSEMBLY**

DIVISION VI - EXECUTIVE BRANCH

- \$3.0 million from the Department of Natural Resources Environment First Fund.
- \$22.0 million from the Endowment for Healthy Iowans.
- \$700,000 from the Pooled Technology Account.
- Specifies that transfers contained in Division III of the Bill take effect upon enactment. (Page 7, Line 5)
- Reduces the General Fund appropriation to the Judicial Branch by \$1.1 million, which represents a 1.0% reduction to the estimated FY 2002 appropriation. (Page 7, Line 10)
- Reduces the General Fund appropriation for Judicial Retirement by \$31,000, which represents a 1.0% reduction to the estimated FY 2002 appropriation. (Page 7, Line 28)
- Reduces the Judicial Branch appropriation by \$1.1 million, which is in addition to the 1.0% reduction. (Page 8, Line 8)
- Requires the Judicial Branch to implement the budget reduction through furloughs of employees compensated from the General Fund, other than justices, judges, and magistrates, in order to produce cost savings equivalent to a furlough of one-half day per employee per pay period for FY 2002. (Page 8, Line 14)
- Reduces the salary rates of justices, judges, and magistrates by 5.0% for the remainder of FY 2002. (Page 8, Line 19)
- Allows the Judicial Branch to use up to \$1.0 million of the Enhanced Court Collection Fund to supplant the reduction made for furloughs. (Page 8, Line 27)
- Reduces the FY 2002 General Fund appropriation to the Legislative Branch by 2.6%. This represents a reduction of \$663,000. (Page 8, Line 35)
- Reduces the salaries of members of the General Assembly by 5.0% for the remainder of FY 2002. Requires the reduction to be in addition to furloughs of Legislative Branch employees and other expense reductions. (Page 9, Line 5)
- Reduces the FY 2002 General Fund appropriations to Executive Branch departments by 1.0%, after applying the 4.3% reduction pursuant to Executive Order 24. The 1.0% reduction does not apply to the appropriations listed in Divisions I and II of this Bill. (Page 9, Line 17)

**EXECUTIVE SUMMARY
NOTES ON BILLS AND AMENDMENTS**

**SENATE FILE 2304 AS AMENDED BY THE HOUSE
FY 2002 BUDGET ADJUSTMENT BILL**

SALARY ADJUSTMENT FUND

**DIVISION VII - EXECUTIVE BRANCH
FURLOUGHS**

EFFECTIVE DATE

- Specifies that the FY 2002 salary adjustment funds appropriated from the Iowa Comprehensive Tank Fund is subject to the 1.0% uniform reduction. (Page 9, Line 25)
- Reduces the FY 2002 General Fund appropriation for employee compensation for Executive Branch departments by \$11.7 million. (Page 10, Line 5)
- Requires the Department of Management to prorate the reduction to individual appropriations. The proration is to be accomplished based on the total General Fund compensation cost of an appropriation compared to the total General Fund compensation cost of all appropriations. (Page 10, Line 13)
- Requires Executive Branch departments to implement the reduction through furloughs of employees compensated from the General Fund in order to produce cost savings equivalent to a furlough of one-half day per employee per pay period for the remainder of FY 2002. (Page 10, Line 20)
- Requires the salaries for elective executive officials be reduced by 5.0% for the remainder of FY 2002. (Page 10, Line 26)
- Requires the salaries for Executive Branch appointed officials be reduced by 5.0% for the remainder of FY 2002. (Page 10, Line 34)
- Specifies the appropriations reductions made in Division VII are in addition to the appropriations reductions made in Division VI of the Bill. (Page 11, Line 6)
- The Bill takes effect upon enactment. (Page 11, Line 11)

FY 2002 Budget Adjustment Bill

Senate File 2304

Balance Sheet

Revenues Transfers to the General Fund	
Risk Pool	\$ 1,500,000
Vehicle Depreciation Fund	2,200,000
Regents Infrastructure Project	2,797,000
Recreational Trails	5,500,000
Aviation Hangar Revolving Loan Fund	360,000
Healthy Iowans Tobacco Trust	6,000,000
Strategic Investment Fund	1,000,000
Value-Added Agricultural Products Program	500,000
Brucellosis & Tuberculosis Eradication Fund	1,000,000
Resource Enhancement & Protection Fund	2,800,000
Environment First Fund	3,000,000
Endowment for Healthy Iowans (Wagering Tax)	15,000,000
Endowment for Healthy Iowans (General Fund)	7,000,000
Pooled Technology	700,000
Total Revenue Transfers	<u>\$ 49,357,000</u>
Expenditure Reductions	
School Foundation Aid (Economic Emergency Fund)	\$ 44,852,353 *
Executive Branch Uniform Reduction	12,865,236
Judicial Branch Uniform Reduction	1,166,625
Subtotal Uniform Reductions	<u>14,031,861</u>
Executive Branch Furloughs	11,702,872
Judicial Branch Furloughs	1,100,700
Subtotal Furloughs	<u>12,803,572</u>
Legislative Branch 2.6% Reduction (Includes Furloughs)	662,855
Total Expenditure Reductions	<u>\$ 72,350,641</u>
Net Effect on the General Fund	<u>\$ 121,707,641</u>

* The Bill appropriates \$44,852,353 from the Economic Emergency Fund to replace the General Fund reduction for Allowable Growth.

Note: A more detailed tracking document is available on the Legislative Fiscal Bureau web site at <http://staffweb.legis.state.ia.us/lfb/>.